

# SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)

## 2020 Stop Loss Renewal/Marketing Presentation

Presented by:



# SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)

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# SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)

## EXECUTIVE SUMMARY

### FINAL RESULTS

**Effective Date: January 1, 2020**

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#### I. Stop Loss Marketing and Renewal Results:

- Stop loss RFP marketed to eleven (11) stop loss carriers. Six (6) carriers quoted and five (5) declined.
- Requested to match current Voya coverage and conditions

#### II. Voya Renewal:

- **Initial** - Renewal offer is an approximate **9.0% increase**, or an additional \$162,903, in annual premium when compared to current
- **Final** - Renewal offer is an approximate **5.0% increase**, or an additional \$90,510, in annual premium when compared to current and a savings of \$72,393 in annual premium when compared to the final renewal offer
- **Projected Experience Credit Refund of \$275,020 (Based on claims paid October 1, 2019) subject to renewal with Voya**
- Includes - Alternate deductible options of \$400,000 and \$375,000 for a 18.9% and 30.8% increase to current
- **Includes - Experience Credit Advantage with a maximum premium refund (25% of net profit)**
- No New Lasers at Renewal and a 50% Rate Cap
- Includes Mirroring Endorsement
- **Individual Gapless Renewal**
- Medicare is primary for retirees age 65 and over
- **No Re-Disclosure required**

#### III. Berkshire Hathaway:

- **Proposed** - Renewal offer is an approximate **4.3% increase**, or an additional \$77,401 in annual premium when compared to current
- Includes - Alternate deductible options of \$400,000 and \$375,000 for a 14.6% and 25.8% increase to current
- No New Lasers at Renewal and a 50% Rate Cap
- Includes Mirroring Endorsement
- Medicare is primary for retirees age 65 and over
- Disclosure required

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)**  
**Stop Loss RFP Analysis**  
**Carrier Responses**

Carrier	Financial Rating	Status	Notes
Voya Financial (Incumbent)	A (Excellent)	Quoted	Finalist
Berkshire Hathaway	A++ (Superior)	Quoted	Finalist
Liberty	A+ (Superior)	Quoted	Uncompetitive with proposed rates 7% above current
Reliance Standard	A+ (Superior)	Quoted	\$450K Spec. Deductible only (Not Firm) 0.4% below current
Anthem	A (Excellent)	Declined	Uncompetitive with current rates
Evolution Risk MGU	A (Excellent)	Declined	Uncompetitive with current rates
Optum	A (Excellent)	Quoted	Uncompetitive with proposed rates 7% above current
Partner Re	A+ (Superior)	Declined	Uncompetitive with current rates
QBE	A (Excellent)	Declined	Uncompetitive with current rates
Symetra	A (Excellent)	Quoted	Uncompetitive with proposed rates 50% above current
TM HCC	A++ (Superior)	Declined	Uncompetitive with current rates

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)  
FINANCIAL SUMMARY**

Effective Date: January 1, 2020

QUOTED DEDUCTIBLE OPTIONS	\$450,000	\$450,000	\$450,000	\$400,000	\$375,000
	Current Annual Premium	Initial Renewal	Final Renewal	Annual Premium	Annual Premium
<b>Voya</b>	\$1,810,472	\$1,973,375	\$1,900,982	\$2,152,943	\$2,368,294
% Increase/Decrease over Current		9.0%	5.0%	18.9%	30.8%
\$ Increase/Decrease over Current		\$162,903	\$90,510	\$342,471	\$557,823
<b>Berkshire Hathaway</b>			\$1,887,873	\$2,074,431	\$2,277,499
% Increase/Decrease over Current			4.3%	14.6%	25.8%
\$ Increase/Decrease over Current			\$77,401	\$263,959	\$467,028

**Voya Assumptions/Contingencies**

No fully insured lives are covered.

Plan must have medical case management and utilization review.

All claims are reported/paid in U.S. dollars.

Any costs charged by the claim administrator for reports required to substantiate claims will be paid by the employer.

The proposal is based on the data submitted. Any changes to this data may allow us to modify the proposal.

We reserve the right to (i) recalculate Individual Excess Risk Monthly Premium Rates as shown on the Excess Risk Schedule and continue this Policy, or (ii) terminate this Policy in accordance with the Policy Termination provision of this Policy if an increase or decrease in the number of Covered Persons and Covered Dependents that exceeds 15% of the current number covered under the Employee Benefit Plan.

Plan designs and contribution levels are assumed as submitted to underwriting. Any changes may require an adjustment to the individual excess risk rates and/or monthly aggregate corridor.

Renewal Rate Cap Endorsement guarantees your subsequent year's renewal will be capped at 50% and no new individual adjusted deductible will apply (laser free renewal).

Medicare is primary for retirees age 65 and over.

This proposal includes a Dividend Eligible Agreement.

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)**  
**STOP LOSS MARKETING ANALYSIS - SPECIFIC DEDUCTIBLE LEVELS OF \$450,000, \$400,000 and \$375,000**  
 Effective Date: January 1, 2020

	Current	Initial Renewal	Final Renewal	Proposed Option 1	Renewal Option 1	Proposed Option 2	Renewal Option 2	Proposed Option 3
Carrier Name	Voya			<b>Berkshire Hathaway</b>	Voya	<b>Berkshire Hathaway</b>	Voya	<b>Berkshire Hathaway</b>
Rate Guarantee / Cap	1 Year				1 Year		1 Year	
Specific Stop Loss (SSL)								
Specific Deductible		\$450,000		\$450,000	<b>\$400,000</b>		<b>\$375,000</b>	
Annual Maximum Reimbursement		Unlimited		Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Contract Basis		12/18		12/18	12/18	12/18	12/18	12/18
Covered Expense		Medical, Rx		Medical, Rx	Medical, Rx	Medical, Rx	Medical, Rx	Medical, Rx
<b>Specific Premium</b>								
Single (4,792)	\$15.81	\$16.67	\$16.06	\$22.87	\$18.19	\$25.13	\$20.01	\$27.59
Family (2,087)	\$35.99	\$40.52	\$39.03	\$22.87	\$44.20	\$25.13	\$48.62	\$27.59
Composite (6,879)	\$21.93	\$23.91	\$23.03	\$22.87	\$26.08	\$25.13	\$28.69	\$27.59
<b>Specific Monthly Premium</b>	\$150,873	\$164,448	\$158,415	\$157,323	\$179,412	\$172,869	\$197,358	\$189,792
<b>Specific Annual Premium</b>	\$1,810,472	\$1,973,375	\$1,900,982	\$1,887,873	\$2,152,943	\$2,074,431	\$2,368,294	\$2,277,499
<b>% Increase/Decrease over Current</b>		<b>9.0%</b>	<b>5.0%</b>	<b>4.3%</b>	<b>18.9%</b>	<b>14.6%</b>	<b>30.8%</b>	<b>25.8%</b>
<b>\$ Increase/Decrease over Current</b>		<b>\$162,903</b>	<b>\$90,510</b>	<b>\$77,401</b>	<b>\$342,471</b>	<b>\$263,959</b>	<b>\$557,823</b>	<b>\$467,028</b>

<b>2019 Projected Experience Credit Refund (Claims as of 10/1/19) *</b>	<b>\$275,020</b>	<b>\$275,020</b>	<b>\$275,020</b>
<u>Projected Annual Cost Summary</u>	<u>\$1,900,982</u>	<u>\$2,152,943</u>	<u>\$2,368,294</u>
Experience Credit Refund	<b>(\$275,020)</b>	<b>(\$275,020)</b>	<b>(\$275,020)</b>
<b>Projected Annual Premium (after Experience Credit)</b>	\$1,625,962	\$1,877,923	\$2,093,274
<b>% Increase/Decrease over Current</b>	<b>-10.2%</b>	<b>3.7%</b>	<b>15.6%</b>
<b>\$ Increase/Decrease over Current</b>	<b>(\$184,510)</b>	<b>\$67,451</b>	<b>\$282,803</b>

\*Voya paid claims as of 10.1.2019. Claims payments could change by policy end, resulting in a different refund amount.

\*\*Per dividend agreement, refund is capped at 15% of premium.

\*\*\*The above numbers are projections. Final accounting will be based off of updated claims and terms of the 2019 agreement.

\*\*\*\*Contract period does not end until 6/30/2020. Groups are not reviewed for a premium refund until 6 months after the contract period.

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)**  
**ESTIMATED LOSS RATIO**

Contract Year	Carrier	Spec. Deductible	Basis	Covg.	Monthly Premium	Claims Over Sepec. Ded.	Stop Loss Recovery
YTD 10/2019	Voya	\$450,000	12/18	MED/RX	\$1,534,403	\$23,296	1.5%
CY 2018	Voya	\$450,000	12/18	MED/RX	\$1,748,131	\$543,555	31.1%
					<b>\$3,282,534</b>	<b>\$566,851</b>	<b>17.3%</b>